Copernicus masters

5. The Startup Process – What is 'traction' or 'readiness'?

What is traction?

Traction is a quantifiable demonstration that there is customer demand for your product or service. The best way to show traction is to demonstrate that you have customers using and paying for your product or service. It's even better if you have a sizable number of customers and if you can show that their number is growing.

Are there defined stages of development?

Every startup journey is different, and they can feel erratic and non-linear - a startup proceeds via trial-and-error. In simple terms you can look at the development of your startup as a journey that entails customer development and product development.

›   Customer development is the way you validate the demand for your solution.
›   Product development is the process of building your solution.

At the beginning, you start with many assumptions concerning the problem, your potential customers and their needs and the business model. The continuous interaction between customer development and product development shapes the startup journey.

How do you identify where you sit in the startup process?

When presenting the current stage of your startup you can do so by describing at which stage your customer development and your product development are. There are many ways you can do this:

For customer development you can present the degree of validation from your customers that can include:

›   Initial customer conversations
›   Surveys or interviews' results showing positive response to your proposed solution
›   Letters of intent or pre-sales agreements
›   Feedback from potential customers currently using your product or service
›   An actual commercial contract signed with customers.

For product development you can consider different stages that can range from:

›   An Idea
›   A design or paper prototype
›   The Alpha version - when you are testing your product or service within your team
›   The Beta version – when you are testing your product with external users
›   The Market-ready version – when your product or service has passed the customer testing and it is ready to be rolled out on a regular basis to other customers.